



INDIAN METALS & FERRO ALLOYS LIMITED

17th May, 2016

IMFA Building
Bhubaneswar -751010
Odisha, India

Corporate Identity No.
L27101OR1961PLC000428

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The Listing Department
National Stock Exchange of India Ltd.
Exchange Plaza
Plot No. C/1, G. Block
Bandra-Kurla Complex, Bandra (E)
Mumbai – 400 051
Stock Symbol & Series: IMFA, EQ

Dear Sir,

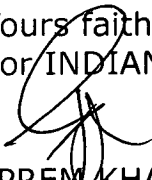
**Re: Outcome of the meeting of the Board of Directors
held on 17th May, 2016**

The Board of Directors of the Company at their meeting held on 17th May 2016, inter-alia, have approved the Audited Financial Results for the quarter and year ended 31st March 2016. A copy each of the Audited Financial Results and Report of Statutory Auditors are enclosed.

This may kindly be taken on record.

Thanking you,

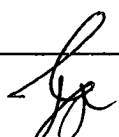
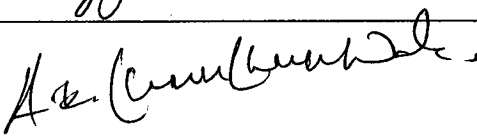
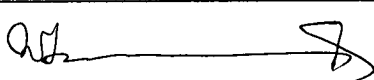
Yours faithfully
For INDIAN METALS & FERRO ALLOYS LTD.


(PREM KHANDELWAL)
CFO & COMPANY SECRETARY

Encl: As above

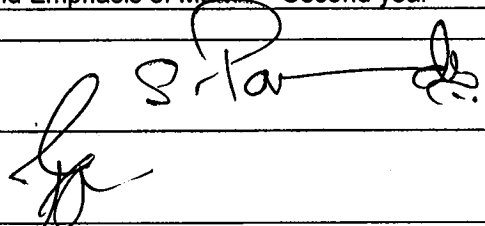
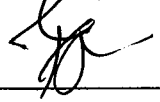
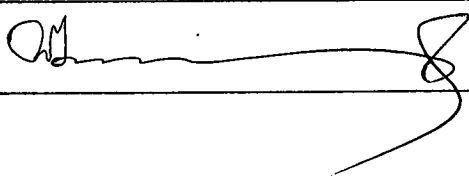
FORM A

(For Audit Report with Unmodified Opinion)

1	Name of the Company	Indian Metals & Ferro Alloys Ltd.
2	Annual Financial Statement for the year ended	31 st March, 2016 (Standalone)
3	Type of Audit observation	Emphasis of Matters:- (1) We draw attention to Note No. 13.1 to the standalone financial statements relating to the Company's equity investment amounting to Rs. 53.13 crore in Indmet Mining Pte Ltd ('Indmet'), a wholly-owned subsidiary incorporated in Singapore which, in turn, has investment in its Indonesian subsidiary PT Sumber Rahayu Indah ('PT Sumber'). The Company's carrying value of investment in Indmet is substantially dependent on the latter's carrying value of investment in PT Sumber and the Company has initiated arbitration proceedings for protecting its said investment. (2) We draw attention to Note Nos. 31 and 32 to the standalone financial statements relating to the Company's exposure in a subsidiary and non-recognition of income from interest on unsecured loan given to the subsidiary, respectively. These matters have arisen out of the cancellation of allotment of the coal block being held by the subsidiary vide the Hon'ble Supreme Court of India's order dated 24th September, 2014, the subsequent auction process of the coal block and the filing of two writ petitions before the Hon'ble High Court of Delhi by the subsidiary in connection therewith. Our report is not modified in respect of these matters.
4	Frequency of observation	The first Emphasis of Matter – First year. The second Emphasis of Matter – Second year
5	To be signed by -	
	(i) Mr Subhrakant Panda Managing Director	
	(ii) Mr Prem Khandelwal CFO & Company Secretary	
	(iii) Mr Anand Kumar Jhunjhunwala Partner, M/s Haribhakti & Co. LLP Chartered Accountants Firm Regn No. 103523 Auditors	
	(iv) Mr D Bandyopadhyay Chairman, Audit Committee	

FORM A

(For Audit Report with Unmodified Opinion)

1	Name of the Company	Indian Metals & Ferro Alloys Ltd.
2	Annual Financial Statement for the year ended	31 st March, 2016 (Consolidated)
3	Type of Audit observation	Emphasis of Matters:- (1) We draw attention to Note No. 31 to the consolidated financial statements relating to the Company's equity investment amounting to Rs. 53.13 crore in Indmet Mining Pte Ltd ('Indmet'), a wholly-owned subsidiary incorporated in Singapore which, in turn, has investment in its Indonesian subsidiary PT Sumber Rahayu Indah ('PT Sumber'). The Company's carrying value of investment in Indmet is substantially dependent on the latter's carrying value of investment in PT Sumber and the Company has initiated arbitration proceedings for protecting its said investment. (2) We draw attention to Note No. 33 to the consolidated financial statements relating to the Company's exposure in a subsidiary. The matter has arisen out of the cancellation of allotment of the coal block being held by the subsidiary vide the Hon'ble Supreme Court of India's order dated 24th September, 2014, the subsequent auction process of the coal block and the filing of two writ petitions before the Hon'ble High Court of Delhi by the subsidiary in connection therewith. Our report is not modified in respect of these matters.
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	(iv) Mr D Bandyopadhyay Chairman, Audit Committee	

INDIAN METALS & FERRO ALLOYS LIMITED

Regd. Office: IMFA Building, Bomikhal, Rasulgah, Bhubaneswar - 751 010 (Odisha)
Phone: +91 674 3051000, 2580100; Fax: +91 674 2080020; Email: mail@imfa.in; Website: www.imfa.in
CIN: L27101OR1961PLC000428

(Rs. in Crores)

PART-I : STATEMENT OF AUDITED FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED 31ST MARCH, 2016

Particulars	Standalone			Standalone		Consolidated	
	Quarter ended			Year ended		Year ended	
	31-Mar-2016 Audited	31-Dec-2015 Unaudited	31-Mar-2015 Audited	31-Mar-2016 Audited	31-Mar-2015 Audited	31-Mar-2016 Audited	31-Mar-2015 Audited
1. Income from Operations							
(a) Income from Operations (Net of Excise Duty)	196.88	319.56	384.63	1,164.22	1,281.54	1,164.22	1,281.54
(b) Other Operating Income	6.98	9.64	18.56	47.08	63.25	47.08	63.25
Total Income from Operations (Net)	203.86	329.20	403.19	1,211.30	1,344.79	1,211.30	1,344.79
2. Expenses							
(a) Cost of Materials Consumed	100.68	182.56	226.94	655.87	693.55	655.87	693.55
(b) Changes in Inventories of Finished Goods	34.99	14.74	(4.23)	28.19	16.52	28.19	16.52
(c) Employee Benefits Expense	37.19	34.22	34.93	137.37	126.98	137.06	127.13
(d) Depreciation and Amortisation	30.94	28.15	32.17	114.19	121.94	114.20	121.94
(e) Other Expenses	61.74	61.05	63.87	276.53	266.62	276.94	266.84
Total Expenses	265.54	320.72	353.68	1,212.15	1,225.61	1,212.26	1,225.98
3. Profit/(Loss) from operations before other income, finance costs, prior period income and exceptional items (1-2)	(61.68)	8.48	49.51	(0.85)	119.18	(0.96)	118.81
4. Other Income	2.94	2.20	3.35	16.25	21.78	15.45	12.34
5. Profit/(Loss) from ordinary activities before finance costs, prior period income and exceptional items (3+4)	(58.74)	10.68	52.86	15.40	140.96	14.49	131.15
6. Finance Costs	20.46	20.04	24.84	83.07	108.62	80.23	105.68
7. Profit/(Loss) from ordinary activities after finance costs but before prior period income and exceptional items (5-6)	(79.20)	(9.36)	28.02	(67.67)	32.34	(65.74)	25.47
8. Prior Period Income	-	-	(6.22)	-	(6.22)	-	(6.22)
9. Exceptional Items	(2.44)	(5.56)	-	17.15	5.22	17.15	5.22
10. Profit/(Loss) from ordinary activities before tax (7-8-9)	(76.76)	(3.80)	34.24	(84.82)	33.34	(82.89)	26.47
11. Tax Expense							
Current Tax & Deferred Tax	(29.03)	(4.16)	30.53	(30.06)	31.19	(29.09)	32.15
MAT Credit Entitlement (including earlier years)	2.22	(0.75)	(9.44)	-	(9.83)	-	(9.83)
12. Net Profit/(Loss) from ordinary activities after tax (10-11)	(49.95)	1.11	13.15	(54.76)	11.98	(53.80)	4.15
13. Extraordinary Items	-	-	-	-	-	-	-
14. Net Profit/(Loss) for the Period/Year before minority interest(12-13)	(49.95)	1.11	13.15	(54.76)	11.98	(53.80)	4.15
15. Minority Interest	-	-	-	-	-	0.47	0.47
16. Net Profit/(Loss) for the Period/Year after taxes & minority interest(14-15)	(49.95)	1.11	13.15	(54.76)	11.98	(54.27)	3.68
17. Paid-up Equity Share Capital (Face Value Rs. 10/- each)	25.98	25.98	25.98	25.98	25.98	25.98	25.98
18. Reserves excluding Revaluation Reserves				782.33	836.91	803.86	855.34
19. Earnings per share-Basic & Diluted (in Rupees) (*not annualised)	*(19.23)	*0.43	*5.06	(21.08)	4.61	(20.89)	1.42



STATEMENT OF ASSETS AND LIABILITIES

(Rs. in Crores)

Particulars	Standalone As at 31-Mar-16 (Audited)	Standalone As at 31-Mar-15 (Audited)	Consolidated As at 31-Mar-16 (Audited)	Consolidated As at 31-Mar-15 (Audited)
A EQUITY & LIABILITIES				
1 Shareholders' Funds				
(a) Share Capital	25.98	25.98	25.98	25.98
(b) Reserves and Surplus	782.33	836.91	803.86	855.34
Sub total : Shareholders' Funds	808.31	862.89	829.84	881.32
2 Minority Interest	-	-	31.34	30.96
3 Non-Current Liabilities				
(a) Long-Term Borrowings	692.94	737.40	719.04	782.42
(b) Deferred Tax Liabilities (Net)	69.59	99.65	69.58	99.62
(c) Other Long-Term Liabilities	150.16	127.34	150.30	127.62
(d) Long Term Provisions	7.95	4.85	8.00	4.89
Sub total : Non-Current Liabilities	920.64	969.24	946.92	1014.55
4 Current Liabilities				
(a) Short-Term Borrowings	200.81	213.01	200.81	213.01
(b) Trade Payables	138.92	167.34	138.92	167.34
(c) Other Current Liabilities	261.31	213.91	282.06	229.18
(d) Short-Term Provisions	3.88	10.13	6.08	11.59
Sub total : Current Liabilities	604.92	604.39	627.87	621.12
TOTAL EQUITY AND LIABILITIES	2333.87	2436.52	2435.97	2547.95

Particulars	Standalone As at 31-Mar-16 (Audited)	Standalone As at 31-Mar-15 (Audited)	Consolidated As at 31-Mar-16 (Audited)	Consolidated As at 31-Mar-15 (Audited)
B ASSETS				
1 Non-Current Assets				
(a) Fixed Assets	1125.54	1153.12	1479.50	1493.42
(b) Goodwill on consolidation	-	-	74.61	71.53
(c) Non-Current Investments	167.88	167.77	0.10	0.10
(d) Long-Term Loans and Advances	219.60	208.90	219.72	208.99
(e) Other Non-Current Assets	64.33	55.86	64.33	55.86
Sub total : Non-Current Assets	1577.35	1585.65	1838.26	1829.90
2 Current Assets				
(a) Current Investments	20.86	-	23.03	-
(b) Inventories	352.83	405.04	352.89	405.09
(c) Trade Receivables	14.80	53.11	14.80	53.11
(d) Cash and Cash Equivalents	46.78	72.54	58.90	85.53
(e) Short-Term Loans and Advances	300.16	280.08	126.90	134.15
(f) Other Current Assets	21.09	40.10	21.19	40.17
Sub total : Current Assets	756.52	850.87	597.71	718.05
TOTAL ASSETS	2333.87	2436.52	2435.97	2547.95

Segment wise Revenue, Results and Capital Employed

(Rs. in Crores)

Particulars	Standalone Quarter ended			Standalone Year ended		Consolidated Year ended	
	31-Mar-2016 Audited	31-Dec-2015 Unaudited	31-Mar-2015 Audited	31-Mar-2016 Audited	31-Mar-2015 Audited	31-Mar-2016 Audited	31-Mar-2015 Audited
1. Segment Revenue							
a) Ferro Alloys	196.46	319.11	384.35	1,162.32	1,276.00	1,162.32	1,276.00
b) Power	74.92	99.98	105.36	389.59	387.68	389.59	387.68
c) Others	0.61	0.91	0.75	3.02	2.23	3.02	2.23
Total	271.99	420.00	490.46	1,554.93	1,665.91	1,554.93	1,665.91
Less: Inter Segment Revenue	75.11	100.44	105.83	390.71	384.37	390.71	384.37
Net Income from Operations	196.88	319.56	384.63	1,164.22	1,281.54	1,164.22	1,281.54
2. Segment Results							
a) Ferro Alloys	(46.94)	20.11	80.27	62.10	236.00	62.05	236.00
b) Power	(2.59)	(3.00)	(2.58)	(11.79)	(12.37)	(11.85)	(12.63)
c) Others	(2.75)	(2.24)	(1.94)	(10.04)	(6.18)	(10.04)	(6.18)
Total	(52.28)	14.87	75.75	40.27	217.45	40.16	217.19
Less: i) Finance Costs	20.46	20.04	24.84	83.07	108.62	80.23	105.68
ii) Other Un-allocable Expenditure (net)	4.02	(1.37)	16.67	42.02	75.49	42.82	85.04
iii) Un-allocable Income	-	-	-	-	-	-	-
Total Profit Before Tax	(76.76)	(3.80)	34.24	(84.82)	33.34	(82.89)	26.47
3. Capital Employed (Segment Assets-Segment Liabilities)							
a) Ferro Alloys	542.68	597.51	622.69	542.68	622.69	542.68	622.69
b) Power	721.49	735.62	767.24	721.49	767.24	1,075.99	1,107.21
c) Others	73.27	75.08	76.91	73.27	76.91	73.32	77.88
d) Unallocated	503.92	464.77	465.48	503.92	465.48	217.01	201.55
Total	1,841.36	1,872.98	1,932.32	1,841.36	1,932.32	1,909.00	2,009.33

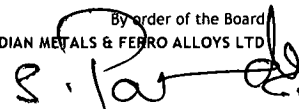
NOTES:

- The above results have been reviewed by the Audit Committee and approved by the Board of Directors of the Company at their respective meetings held on 17th May, 2016.
- The above consolidated results have been prepared in accordance with the principles and procedures as set out in Accounting Standard 21 on "Consolidated Financial Statements".
- The entire operations of the Company relate to two broad segments viz. "Ferro Alloys" and "Power".
- Pending final orders from the Hon'ble High Court of Delhi on the two writ petitions filed in February 2015 by Utkal Coal Ltd. ('UCL', a subsidiary of the Company) in connection with matters emanating from the cancellation of allocation of its coal block by the Hon'ble Supreme Court of India, no accounting adjustments have been made by UCL in its books of account and no provision is deemed necessary against the Company's exposure in UCL as at 31st March, 2016 amounting to Rs 110.88 crores invested as equity, Rs 173.77 crores given as an unsecured loan and Rs 78.09 crores provided as guarantee to a financial institution for loan availed by UCL.
- In view of the circumstances detailed above and considering the effect of uncertainties as envisaged in paragraph 9 of Accounting Standard 9 on "Revenue Recognition", with effect from 1st October, 2014 the Company has postponed recognition of income from interest on unsecured loan given to UCL. Due to this, loss before tax for the quarter and the year ended 31st March, 2016 is higher by Rs 6.19 crore and Rs 21.08 crore respectively. The interest income would be considered as revenue of the period in which it is properly recognised.
- Indmet Mining Pte Ltd ('Indmet'), a wholly-owned subsidiary incorporated in Singapore, has investment of USD 8.75 million (Rs. 57.64 Crore) [Previous year USD 8.75 million (Rs. 54.41 Crore)] in its Indonesian subsidiary PT Sumber Rahayu Indah ('PT Sumber'). PT Sumber is holding a coal mining concession in Indonesia but due to overlapping boundary issues, the mining concession could not be operationalised till date.

Consequently, the Company has initiated arbitration proceedings against the Government of the Republic of Indonesia on 24th July, 2015 pursuant to Article 3 of the United Nations Commission on International Trade Law (UNCITRAL) Arbitration Rules and Article 9 of the Agreement between the Governments of the Republic of Indonesia and the Republic of India for the Promotion and Protection of Investments (the "Treaty"), raising claims of breach of the protections granted under the Treaty. Hearing on the arbitration proceedings is yet to commence.

No provision is considered necessary by the Company at this stage towards any diminution in the carrying value of its investment in Indmet amounting to Rs. 53.13 Crore.
- The manufacturing unit at Therubali in Rayagada District, Odisha remained closed from 21st November, 2015 to 23rd February, 2016 pursuant to a lockout declared by the Company following illegal action by workers in not reporting for duty. The lockout was lifted by the Company on 24th February, 2016.
- Exceptional Items constitute the following expense / income:
(a) Provision for expense amounting to Rs. 19.98 crores on best estimate basis for the shortfall towards Renewable Purchase Obligation upto 31st March, 2015 under the OERC (Renewable and Co-generation Purchase Obligation and its Compliance) Regulations, 2010, pursuant to the judgment of the Hon'ble Supreme Court of India dated 13th May, 2015. Cost towards meeting the Obligation for the current year is forming part of Consumption of electricity, under "Other Expenses".
(b) Provision for expense amounting to Rs. 2.73 crores towards Contribution to District Mineral Foundation (DMF) relating to the period 12th January - 31st March, 2015 in accordance with The MMDR Amendment Act, 2015 notified on 27th March, 2015 and the Mines and Minerals (Contribution to District Mineral Foundation) Rules, 2015 notified on 17th September, 2015 which provide for contribution to DMF @ 30% of royalty for mining leases granted before 12th January, 2015. DMF contribution for the current year is forming part of the cost of raw materials.
(c) Income of Rs 5.56 crores on account of forfeiture of retention money (net of advances) due to non-fulfilment of contractual terms of a contractor.
- The figures for the quarter ended 31st March, 2016 and 31st March, 2015 are the balancing figures between audited figures in respect of full financial year and the published year-to-date figures upto the 3rd quarter of the respective financial year.
- Previous year/ period figures have been rearranged/ regrouped, wherever necessary, to make them comparable with those of current year/ period.

By order of the Board
For INDIAN METALS & FERRO ALLOYS LTD



Subhrakant Panda
Managing Director

Bhubaneswar
Date : 17th May, 2016

INDEPENDENT AUDITOR'S REPORT

To the Members of Indian Metals and Ferro Alloys Limited

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Indian Metals and Ferro Alloys Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls and ensuring their operating effectiveness and the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.



Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2016, its loss and its cash flows for the year ended on that date.

Emphasis of Matters

- (a) We draw attention to Note No. 13.1 to the standalone financial statements relating to the Company's equity investment amounting to Rs. 53.13 crore in Indmet Mining Pte Ltd ('Indmet'), a wholly-owned subsidiary incorporated in Singapore which, in turn, has investment in its Indonesian subsidiary PT Sumber Rahayu Indah ('PT Sumber'). The Company's carrying value of investment in Indmet is substantially dependent on the latter's carrying value of investment in PT Sumber and the Company has initiated arbitration proceedings for protecting its said investment.
- (b) We draw attention to Note Nos. 31 and 32 to the standalone financial statements relating to the Company's exposure in a subsidiary and non-recognition of income from interest on unsecured loan given to the subsidiary, respectively. These matters have arisen out of the cancellation of allotment of the coal block being held by the subsidiary vide the Hon'ble Supreme Court of India's order dated 24th September, 2014, the subsequent auction process of the coal block and the filing of two writ petitions before the Hon'ble High Court of Delhi by the subsidiary in connection therewith.

Our opinion is not modified in respect of these matters.

Report on Other Legal and Regulatory Requirements

- (1) As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
- (2) As required by Section 143(3) of the Act, we report that:
- a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - c. The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - d. In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
 - e. The matters described in the Emphasis of Matters paragraph above, in our opinion, may have an adverse effect on the functioning of the Company.



HARIBHAKTI & CO. LLP

Chartered Accountants

- f. On the basis of the written representations received from the directors as on 31st March, 2016 and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act;
- g. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, we give our separate Report in "Annexure 2".
- h. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - (i) The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements - Refer Note Nos. 13.1,30,31,32,38,39,40,41 and 42 to the standalone financial statements;
 - (ii) The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts;
 - (iii) There has been no delay in transferring amounts required to be transferred to the Investor Education and Protection Fund by the Company.

For Haribhakti & Co. LLP
Chartered Accountants
ICAI Firm Registration No. 103523W



Anand Kumar Jhunjunwala
Partner
Membership No.056613



Bhubaneswar
17th May, 2016

ANNEXURE 1 TO THE INDEPENDENT AUDITOR'S REPORT

[Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' in our Independent Auditor's Report of even date, to the members of the Company on the standalone financial statements for the year ended 31st March, 2016]

- (i)
- (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.
 - (b) According to the information and explanations given to us, major portion of fixed assets has been physically verified by the Company's Management ("management") during the year and no material discrepancies were noticed on such verification. In our opinion, the frequency of physical verification is reasonable having regard to the size of the Company and the nature of its fixed assets.
 - (c) The title deeds of immovable properties recorded as fixed assets in the books of account of the Company are held in the name of the Company.
- (ii) According to the information and explanations given to us, the inventory has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable. As explained to us, no material discrepancies were noticed on physical verification.
- (iii) The Company has granted unsecured loan to a Company covered in the register maintained under Section 189 of the Act.
- (a) According to the information and explanations given to us, we are of the opinion that the terms and conditions of the grant of the aforesaid loan are not prejudicial to the Company's interest, except that the loan and interest thereon is repayable/payable either on demand or to be adjusted against the supply of coal by the borrower in future, which may be prejudicial to the Company's interest as the borrower's ability to repay/pay such loan/interest is contingent on the outcome of the court cases as detailed in Note No. 31 to the financial statements.
 - (b) According to the information and explanations given to us, the aforesaid loan and interest thereon is repayable/payable either on demand or to be adjusted against the supply of coal by the borrower in future. As no such demand has been raised by the Company till date, clause (b) is not applicable in this case.
 - (c) As explained in (b) aforesaid, there is no amount which is overdue.
- (iv) According to the information and explanations given to us in respect of loans, investments, guarantees and security, the Company has complied with the provisions of Sections 185 and 186 of the Act.
- (v) According to the information and explanations given to us, the Company has not accepted any deposits from the public.
- (vi) The maintenance of cost records has been specified by the Central Government under sub-section (1) of Section 148 of the Act. We have broadly reviewed such records and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.



(vii)

- (a) According to the records of the Company, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and any other material statutory dues have generally been regularly deposited with the appropriate authorities.

According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were in arrears as at 31st March, 2016 for a period of more than six months from the date they became payable.

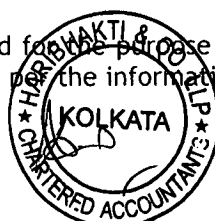
- (b) According to the information and explanations given to us, the dues as at 31st March, 2016 of income-tax, sales tax, service tax, duty of customs, duty of excise and value added tax, which have not been deposited on account of any dispute, are as follows:

Name of the Statute	Nature of dues	Amount (Rs. In Lacs)	Period to which the amount relates	Forum where dispute is pending
Central Excise Act, 1944	Excise Duty	19.10	1993-2002	Orissa High Court
Central Excise Act, 1944	Excise Duty	21.89	2005-2009	Commissioner of Central Excise (Appeals)
Central Excise Act, 1944	Excise Duty	13.75	2002-2009	Central Excise & Service Tax Appellate Tribunal
Central Excise Act, 1944	Excise Duty	8.04	2009-10 to 2011-12	Commissioner of Central Excise (Appeals)
Income Tax Act, 1961	Income Tax	118.62	Assessment Years 1987-88, 1989-90 and 2010-11	Orissa High Court
Income Tax Act, 1961	Income Tax	14,488.59	Assessment Years 2009-10, 2012-13 and 2013-14	Commissioner of Income Tax (Appeals)
Orissa Sales Tax Act, 1947	Sales Tax	1.02	1990-91 to 1991-92	Orissa High Court
Orissa Sales Tax Act, 1947	Sales Tax	7.04	2002-03	Addl. Commissioner of Sales Tax
Orissa Sales Tax Act, 1947	Sales Tax	4.19	1994-95	Orissa Sales Tax Tribunal

- (viii) Based on our audit procedures and as per the information and explanations given to us by the management, we are of the opinion that during the year the Company has not defaulted in repayment of loans or borrowings to a financial institution, bank or Government. The Company has not issued any debentures as at the balance sheet date.

- (ix) In our opinion and according to the information and explanations given to us, term loans were prima facie applied during the year for the purposes for which those was raised. The Company has not raised any money during the year by way of initial public offer or further public offer (including debt instruments).

- (x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given



HARIBHAKTI & CO. LLP

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to us by the management, we report that we have neither come across any instance of fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the management.

- (xi) According to the information and explanations given to us, managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
- (xii) The Company is not a Nidhi Company.
- (xiii) According to the information and explanations given to us, all transactions entered into by the Company with the related parties are in compliance with Sections 177 and 188 of the Act where applicable and the details have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review.
- (xv) As per the information and explanations given to us, the Company has not entered into any non-cash transactions during the year with directors or persons connected with them.
- (xvi) In our opinion and according to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For Haribhakti & Co. LLP

Chartered Accountants

ICAI Firm Registration No. 103523W



Anand Kumar Jhunjunwala

Partner

Membership No. 056613



Bhubaneswar

17th May, 2016

ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT

[Referred to in paragraph (2)g under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditor's Report of even date, to the members of the Company on the standalone financial statements for the year ended 31st March, 2016]

Report on the Internal Financial Controls over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of the Company as of 31st March, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's Board of Directors is responsible for establishing and maintaining internal financial controls, based on the internal control over financial reporting criteria established by the Company, considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing specified under section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting were established and maintained and if such controls operated effectively in all material respects.

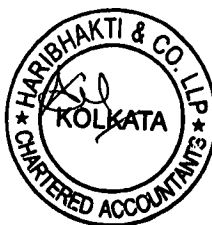
Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness.

Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that



transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial controls over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2016, based on the internal control over financial reporting criteria established by the Company, considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For Haribhakti & Co. LLP

Chartered Accountants
ICAI Firm Registration No. 103523W



Anand Kumar Jhunjunwala
Partner
Membership No. 056613



Bhubaneswar
17th May, 2016

INDEPENDENT AUDITOR'S REPORT

To the Members of Indian Metals and Ferro Alloys Limited

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Indian Metals and Ferro Alloys Limited (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") comprising of the Consolidated Balance Sheet as at 31st March, 2016, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the Consolidated Financial Statements").

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit



procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matter paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31st March, 2016, its consolidated loss and its consolidated cash flows for the year ended on that date.

Emphasis of Matters

- (a) We draw attention to Note No. 31 to the consolidated financial statements relating to the Company's equity investment amounting to Rs. 53.13 crore in Indmet Mining Pte Ltd ('Indmet'), a wholly-owned subsidiary incorporated in Singapore which, in turn, has investment in its Indonesian subsidiary PT Sumber Rahayu Indah ('PT Sumber'). The Company's carrying value of investment in Indmet is substantially dependent on the latter's carrying value of investment in PT Sumber and the Company has initiated arbitration proceedings for protecting its said investment.
- (b) We draw attention to Note No. 33 to the consolidated financial statements relating to the Company's exposure in a subsidiary. The matter has arisen out of the cancellation of allotment of the coal block being held by the subsidiary vide the Hon'ble Supreme Court of India's order dated 24th September, 2014, the subsequent auction process of the coal block and the filing of two writ petitions before the Hon'ble High Court of Delhi by the subsidiary in connection therewith.

Our opinion is not modified in respect of these matters.

Other Matter

We did not audit the financial statements of six subsidiaries, whose financial statements reflect total assets of Rs. 111.56 Crores as at 31st March, 2016, total revenues of Rs. 3.08 Crores and net cash outflows amounting to Rs. 1.53 Crores for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management of the Holding Company and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, is based solely on the reports of the other auditors.



Our opinion on the consolidated financial statements and our report on the Other Legal and Regulatory Requirements below is not modified in respect of the above matter with respect to our reliance on the work done by and the reports of the other auditors.

Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, we report, to the extent applicable, that:

- a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements;
- b. In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors;
- c. The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;
- d. In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
- e. The matters described in the Emphasis of Matters paragraph above, in our opinion, may have an adverse effect on the functioning of the Group;
- f. On the basis of the written representations received from the directors of the Holding Company as on 31st March, 2016 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on 31st March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act;
- g. With respect to the adequacy of the internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, we give our separate Report in the "Annexure".
- h. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - (i) The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group - Refer Note Nos. 30,31,33,35,36,37,38 and 39 to the consolidated financial statements;



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(ii) Provision has been made in the consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.

(iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies incorporated in India.

For Haribhakti & Co. LLP

Chartered Accountants

ICAI Firm Registration No.103523W



Anand Kumar Jhunjunwala

Partner

Membership No. 056613



Bhubaneswar

17th May, 2016

ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT

[Referred to in paragraph (g) under 'Report on Other Legal and Regulatory Requirements' in our Independent Auditor's Report of even date, to the members of the Holding Company on the consolidated financial statements for the year ended 31st March, 2016]

Report on the Internal Financial Controls over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated financial statements of the Holding Company as of and for the year ended 31st March, 2016, we have audited the internal financial controls over financial reporting of the Group, in respect of companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the entities of the Group which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Holding Company, considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of business, including adherence to the respective company's policies, the safeguarding of assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the Holding Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting were established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Holding Company's internal financial controls system over financial reporting.



Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial controls over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Group, in respect of companies incorporated in India, has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2016, based on the internal control over financial reporting criteria established by the Holding Company, considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

Other Matters

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting, in so far as it relates to four subsidiaries of the Holding Company, which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India.

For Haribhakti & Co. LLP
Chartered Accountants
ICAI Firm Registration No.103523W



Anand Kumar Jhunjunwala
Partner
Membership No. 056613



Bhubaneswar
17th May, 2016